



Bill set to help colleges

Public universities would have more say in funding campus projects

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Kentucky's public universities would have more say-so in obtaining financing for campus projects under a bill approved Tuesday by a House committee.

Universities looking to finance major projects could issue bonds on their own under the proposal that cleared the House Appropriations and Revenue Committee. Lawmakers and the governor would also have a voice in the matter.

The bill is important for Kentucky's public universities, which are already competing against other schools and projects for a limited amount of state financing through selling bonds, Rep. Bob Damron, D-Nicholasville, told the panel. The new debt would not count against the state's own bonding limit, Damron said.

"This is probably more im-

perative now than it's ever been," Damron said.

Currently, when a university wants to take on a project — such as a new dormitory or library — it must get legislative authorization. A project then has to be included in the state budget and signed off on by the governor.

Lawmakers, in the current budget that expires June 30, approved numerous projects at public universities throughout the state that would have been financed by selling bonds. Former Gov. Ernie Fletcher vetoed hundreds of millions of dollars worth of university projects, such as new student housing, classrooms and research facilities. He claimed the projects could have adversely affected the state's credit rating.

Under the proposal, however, such bond-financed projects would not affect the state's bond rating, Damron said. Lawmakers would still have oversight over

universities, which would also need approval from the Council on Postsecondary Education, Damron said.

The governor could also veto projects, Damron said.

More than 40 other states have similar setups, Damron told the panel.

The legislature returned to the Capitol last week amid grim financial forecasts for the coming years.

Gov. Steve Beshear has said the state is facing a budget shortfall next year of more than \$500 million. Beshear has already imposed 3 percent budget cuts on universities — about \$34.5 million — and other state agencies to cope with the anticipated budget shortfall. But Beshear says deeper funding cuts could come next year.

That's one reason universities need more flexibility in bonding projects, Damron said.

"When you have a restricted budget and restricted funds, universities need to be unhinged from any bureaucratic regulation that's possible," Damron said.

House Speaker Jody Richards, D-Bowling Green, said he supports the plan, which has passed through the chamber in four previous sessions.

"It gives the universities a little more latitude to spend their own money," Richards said. "I think the vetoed projects this time make this issue more poignant. For two years, several universities have not been able to spend their own money, which means these projects are going to be two years more expensive."

The measure is headed for the full House for consideration but has an uncertain future if it gets to the Senate.

The legislation is House Bill 111.